



COMMONWEALTH of VIRGINIA

Office of the Governor

W. Sheppard Miller III
Secretary of Transportation

March 29, 2024

The Honorable Jennifer Boysko, Chair
Senate Transportation Committee
P.O. Box 247
Herndon, Virginia 20172

The Honorable Karrie Delaney, Chair
House Transportation Committee
P.O. Box 231023
Centreville, Virginia 20120

Dear Senator Boysko and Delegate Delaney:

Virginia Code § 33.2-3102 requires the Secretary of Transportation to provide a quarterly update on Virginia's efforts to work with its counterparts in Maryland and the District of Columbia, as well as the Northern Virginia Transportation Commission (NVTC), on necessary reforms of the Washington Metropolitan Area Transit Authority (WMATA) to support a viable transit system. This letter serves as the update for the quarter ending September 30, 2023.

- 1) **Labor costs and labor relations**
- 2) **Measures necessary to resolve WMATA's unfunded pension liability and other postemployment benefits**
- 3) **Financial and operational improvements necessary to ensure that WMATA's performance is at least as efficient as its closest comparable transit system in the United States**

WMATA FY2025 Budget: On September 28, the WMATA Board Finance and Capital Committee received a financial update on the FY2025 budget. WMATA staff presented three scenarios reducing the initial projected deficit of \$750 million to between \$292 million and \$577 million.

WMATA notes that deficit reduction can be achieved through increased ridership that leads to more fare collection, FY24 budget savings, management efficiencies, and applying federal funding to preventative maintenance costs by transferring these costs to the capital budget. Further savings could be achieved by continuing reductions in inflation and transferring federal commuter benefits revenue directly to WMATA if authorized by Congress.

WMATA General Manager Randy Clarke indicated that the agency is preparing two budgets, one that assumes significant service cuts would be required to achieve a balanced budget and another that assumes a legislative solution will provide new revenue to close the deficit by July 2024. Under the former budget, layoff notices would go out as soon as January 2024, and a package of service cuts and fare increases would be prepared for public hearings and Title VI civil rights review in early 2024. Layoffs would most heavily impact Maryland as 9,000 WMATA employees live there, and service cuts would likely be more heavily weighted toward Virginia based on Title VI and a preliminary equity scan presented to the Board.

FY2023 Budget to Actual: On September 15, staff sent a memo to the WMATA Board stating that actual fourth quarter operating expenses were \$53 million below budget. Cash on hand as of June 30, 2023, was \$213.1 million and line of credit availability was \$350 million.

Pension Plan Performance: On September 15, staff sent a memo to the WMATA Board stating that the \$5.3 billion combined value of the five pension plans increased by \$167.7 million or 3.3% through March 31, 2023. The pension plans outperformed the Standard & Poor's 500 index over the one-year period.

Inspector General: On September 14, the WMATA Board Executive Committee accepted the Office of Inspector General (OIG) annual audit plan for FY 2024 and semiannual report for FY 2023. During the second half of FY2023, the OIG's work resulted in one WMATA employee being sentenced to prison for 18 months, \$430,177 of restitution ordered to be paid to WMATA, and \$18.9 million in potential savings.

Bond Issuance: On July 27, the WMATA Board Finance and Capital Committee approved the issuance of Series 2023A revenue bonds. The 30-year bond issuance is expected to provide \$787.8 million for the \$2.4 billion FY24 capital budget and is being issued against \$470 million in non-restricted dedicated capital funding.

Mobile Payments: On July 7, WMATA announced that it was implementing mobile, cashless payment via ParkMobile at its 63 kiss and ride, hourly lots, and on street parking spaces. Since 2019, WMATA has replaced 3,000 meters with 60 centralized pay stations. The pay stations still accept coins as well as credit card payments. WMATA posts real time parking availability on its website.

4) Measures Necessary to Better Ensure the Safety of Riders and Employees

Inspector General: On September 28, the WMATA Board Executive Committee accepted an OIG report on the cannibalization of the 7000 Series railcars for parts. The report found that two railcars, 7038 and 7039, were stranded for four years while mechanics used parts from them on other 7000 Series railcars. Six of 45 parts taken were considered safety sensitive, and WMATA was unable to identify where the parts went. In addition, WMATA was unable to define a safety sensitive critical part, and WMATA returned railcars to service without coordination with agency safety officials. This occurred because WMATA did not follow Standard Operating Procedures (SOPs). The investigation was initiated by WMATA's former Chief Mechanical Officer. WMATA management agreed with three of five recommendations for

corrective action, and WMATA's Safety and Readiness team is conducting a review on the cannibalized railcars, which have been returned to service, with corrective action due dates in October and December 2023.

Metrorail Capital Maintenance: On July 17, the Vienna and Dunn Loring Metrorail stations on the Orange Line in Fairfax County reopened. On June 26, WMATA resumed full service on the Silver Line and reopened the Metrorail stations at East Falls Church and West Falls Church to Orange Line service after the on-time completion of work to replace old rail and install fiber optic cables. Orange Line service was suspended between West Falls Church and Vienna from June 3 until July 17 for the completion of the scheduled work. The project completed 25 miles of new rail and removed 97,000 linear feet of vegetation.

Station Patrols: This quarter, the Loudoun County Sheriff's Office (LCSO) increased patrols around Ashburn Metrorail station after some residents complained about an increase in crime and homelessness in the area. The increased patrols were also requested by Comstock Holdings, a major property owner and developer in Loudoun County. Since the Silver Line opened in November 2022, LCSO has responded to 226 calls in the area including ten larceny and six burglary complaints. There has been one report of violent crime in the station area, and LCSO officials have not determined if the assailant used Metrorail.

New Faregates: On August 22, WMATA released preliminary data showing that its new, higher faregates are reducing fare evasion by more than 70% at the first five stations where they have been installed, including at Pentagon City and Vienna in Virginia. New faregate installation was completed at four additional stations in September, including Courthouse station in Arlington, Virginia. The new faregate design includes an L-shape door panel that extends over the faregate to minimize gaps between the openings. The increase in barrier height from the original 28 to 48-inch prototype to 55 inches also makes it more difficult to jump over faregates. The swing doors are made of a polycarbonate which is 200 times stronger than glass, lighter weight, and more durable. The final design also includes more robust hinges and a more powerful motor to strengthen the door. As stations are retrofitted with the new barriers, Metro is also raising the height of fencing and emergency gates.

Washington Metrorail Safety Commission (WMSC): At its August 8 meeting, the WMSC accepted ten investigation reports. During the meeting, it was revealed that a train operator was removed from service after being found intoxicated and stopping a train between stations and not responding to communication. A supervisor and other employees did not notice signs of impairment, but the operator's blood alcohol tested 0.04, above the Federal Transit Administration limit. WMATA has implemented a new policy of requiring supervisors to check on operators working split shifts. The WMSC also issued a report finding that WMATA trainers skip lessons and certified an operator who wasn't tested on life-saving procedures. The report further stated that WMATA hasn't resolved long-standing issues involving training rail operators.

5) Legal and organizational structure of WMATA

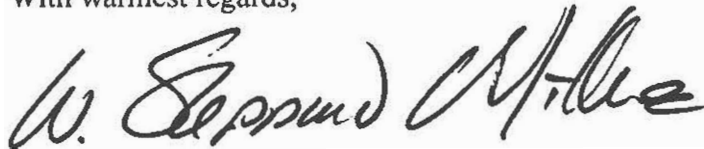
6) Composition and qualifications of the WMATA Board of Directors and the length of terms of its members

Board Chair Award: On August 15, the American Public Transit Association announced that Metro Board Chair Paul Smedberg, the Commonwealth's appointee to the WMATA Board, was being honored as its 2023 Outstanding Public Transportation Board Member.

Board Bylaws: On June 28, 2018, the WMATA Board adopted bylaws with governance changes required by the Virginia 2018 dedicated funding legislation. The bylaws are still in effect. The WMATA Board Secretary certified that no violations of bylaws occurred during FY2023 via letter to me on June 23.

Thank you for your continued support. Please let me know if you have any questions or comments.

With warmest regards,

A handwritten signature in black ink, reading "W. Sheppard Miller III". The signature is written in a cursive style with a large, prominent "W" and "M".

W. Sheppard Miller III